



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

AUG 08 2006

T: EP: RA: TA2

In re:

Company =

This letter constitutes notice that your requests for waivers of the minimum funding standard for the above-named plan for the plan years ending December 31, 2004, and December 31, 2005, have been denied.

The Company originally was involved in a number of high-technology areas and provided professional services, engineering support and precision laser technology to national and international customers in the defense, aerospace, medical, and other industries. However, as a result of continuing financial losses, it closed or sold all of its operations except for one subsidiary. New management was put into place in 2002 to salvage the Company and to start up a completely new operation.

Currently the Company operates in two new business areas: (1) offering project and consulting advice on the integration of business and technology strategies, and (2) developing a proprietary access control system based on fingerprint identification technology, which they expect to be able to market and sell sometime during 2006. Financial information submitted by the Company indicates that the Company's financial challenges are expected to continue for a number of years, and that the Company's future profitability is speculative because it is based on an entirely new direction and completely new lines of business.

You were notified in a letter dated December 13, 2005, that your requests for funding waivers had been tentatively denied based on concerns that the Company's financial hardship was not temporary in nature. Additional information was provided by the Company and its authorized representative during a conference call on February 24, 2006, and in subsequent correspondence.

Although this information showed that the Company had made some progress (substantially increasing sales revenue and attaining preferred status with a major customer), the profitability of the Company has not improved. Given the speculative nature of the business, the Company's forecasts could be viewed as optimistic, and even then, the Company's projections show that it would not expect to have enough cash to meet minimum funding requirements until 2009 unless it can raise capital by issuing new shares of common stock. Furthermore, except for one contribution made primarily in Company stock in August 2005, the Company has been unable to make any contributions to the Plan for the past few years, and has not even made the contributions necessary to cover the amortization of the requested waivers had they been granted. Therefore, your requests for funding waivers for the Plans for the plan years ending December 31, 2004, and December 31, 2005, are denied.

You should note that excise taxes under section 4971(a) of the Internal Revenue Code ("Code") are currently due on the accumulated funding deficiencies in the Plan for the plan years ending December 31, 2003, and December 31, 2004. You should file Form 5330 to report the accumulated funding deficiencies for the plan years ending December 31, 2004, and pay the excise taxes for the plan years ending December 31, 2003, and December 31, 2004, as soon as possible. In addition, if the minimum funding standard for the plan year ending December 31, 2005, is not met in full by September 15, 2006, an excise tax is due on the resulting accumulated funding deficiency for that plan year as well. Form 5330 and the excise tax required under section 4971(a) of the Code on any accumulated funding deficiency for the plan year ending December 31, 2005, are due by September 15, 2006.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

We have sent a copy of this letter to the Manager, EP Classification in _____ to the Manager, EP Compliance Unit in _____ and to your authorized representative pursuant to a power of attorney on file in this office.

If you require further assistance in this matter, please contact

Sincerely yours,



Carol D. Gold
Director, Employee Plans